Respiratory Care Board

House Agriculture and Development Subcommittee

Wendy Risner, Budget Analyst

Legislative Service Commission

February 22, 2005

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LSC Redbook

for the

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Catalog of Budget Line Items

LSC Budget Spreadsheet By Line Item

February 22, 2005

Respiratory Care Board

- The Board received no funding for FY 2007 and will be absorbed into the Department of Health that year.
- Licenses approximately 6,500 respiratory care professionals.

OVERVIEW

The Ohio Respiratory Care Board is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to the creation of the fund, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

The Ohio Respiratory Care Board was established in 1989 by Sub. S.B. 300 of the 118th General Assembly. The Board regulates the practice of respiratory care by licensing properly qualified individuals, acting on complaints filed with the Board, and monitoring continuing education requirements. In addition, the Board recently acquired home medical equipment (HME) licensure and registration for certain HME facilities selling or renting HME equipment to the public in Ohio. The Board's fundamental mission is to efficiently provide services to both the public and the Board's licensees while ensuring public safety. The Board annually investigates all alleged complaints of the respiratory care law and monitors continuing education compliance. The Board also approves respiratory care educational programs and, when necessary, conducts on-site reviews.

The Board currently administers approximately 6,500 licenses. The Board grants two types of licenses: respiratory care professional and limited permit. Respiratory care professional licenses are renewed biennially, while limited permits are renewed annually. Revenue is generated from new and renewal licensure fees. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. Revenues and expenditures for the FY 2003-2004 licensing cycle were $724,062 and $587,848 respectively. The Board contributed $136,214 more to Fund 4K9 than it expended during the last renewal cycle.

Increased Duties as a Result of Sub. H.B. 105 of the 125th General Assembly

Under Sub. H.B. 105 of the 125th General Assembly, the Board became responsible for the licensure and registration of HME facilities in Ohio. The law also requires the Board to inspect HME facilities for compliance. The licensure of HME facilities will not become effective until September 16, 2005. The Board anticipates the licensure of 280 to 450 facilities. Fees for the licensing and registration have not

been set yet. The Board is currently preparing to file rules establishing the licensing and inspection standards of practice and the qualifications for licensing and registration under the act. Fees for licensure and inspection should cover the costs of the program. The Board had planned on hiring one additional employee for this task in FY 2005. However, the employee has not been hired as of this writing. The Board estimates that hiring an additional employee for this could cost as much as $49,000 (includes fringe benefits) per fiscal year. The Board has also considered using private contractors to inspect licensees and registrants for compliance as it is more cost effective. Hiring an additional staff person could be cost prohibitive due to the number of facilities that would need inspection and the cost of training and accreditation for the employee.

CAVU Licensing System

The Board, in partnership with the Department of Administrative Services has implemented the web-based multi-board licensing computer system (CAVU). The system allows licensees to renew their licenses online and integrates all aspects of the Respiratory Care Board's operations including revenue collection, license tracking, renewals, complaints, and disciplinary compliance. The costs charged to the Respiratory Care Board for the system are estimated to be $6,094 in FY 2006 and $5,589 in FY 2007.

Administrative Fees

Over the past few years, boards have had to absorb increased administrative costs charged by other state agencies. Many boards have also had to contract for services that were once provided for free, such as lock-box services and computer technical support. The occupational licensing boards currently share the costs and services of one full-time IT Support person. The cost to the Respiratory Care Board for this service will be $4,040 in FY 2006 and $4,200 in FY 2007. The Board estimates that private processing of renewal fees will be $4,800 over the course of the biennium. Lastly, the Board estimates that a computer firewall program to protect against viruses and such will cost $1,134 per fiscal year.

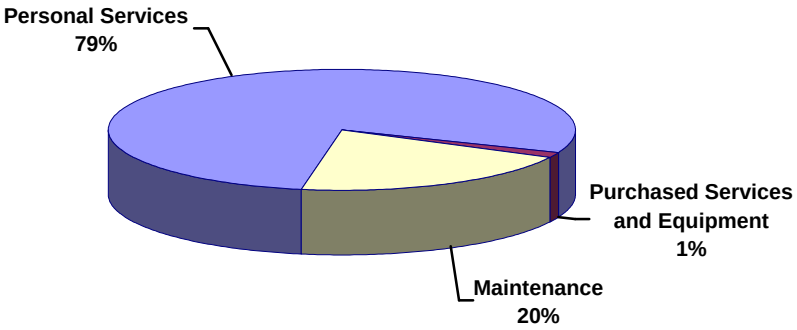
Governor's Recommendations

Under the Governor's recommendations, the Board will receive $441,987 in FY 2006 and $0 in FY 2007. The Board requested $434,759 in FY 2006 and $443,797 in FY 2007. In FY 2007, the Executive recommends that the 27 independent occupational licensing boards be absorbed into the Departments of Health, Commerce, and Public Safety. As such, the Executive recommended no funding in FY 2007 for the Boards. In the case of the Respiratory Care Board, the Board and its duties will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the Departments of Commerce, Health, Public Safety, Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentive will be offered to regulatory board staff. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members will be retained.

Convenience Fee Charges

Also in the As Introduced version of the budget bill, the Board is authorized to charge convenience fees for electronically renewing licenses. The fee shall not exceed the cost of the processing fee charged by the state's credit card processor. As such, the Board will realize an increase in revenues equal to any increase in expenditures.

Total Budget by Object Code for FY 2006



As can be seen from the chart above, the Board's funding goes primarily towards personnel expenses. In FY 2006, personal services for the Board will increase by 5.7%. Maintenance for the Board will increase by 15%, while equipment will decrease by 79.1% for FY 2006 from FY 2005 estimated levels.

Staffing Levels

Respiratory Care Board Staffing Levels						
					Estimated	
Program Series/Division	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Board Members	5	5	5	5	5	5*
Respiratory Care Staff	4	4	4	4	4	4*
Totals	9	9	9	9	9	9*

* In FY 2007, the 27 occupational licensing boards will be consolidated into various agencies. According to OBM, current staff will be retained through FY 2006. However, it is expected that some staff reductions will occur as a result of the implementation of a hiring freeze and early retirement incentive. Remaining staff of the Respiratory Care Board will be transferred to the Department of Health in FY 2007. Board members will be retained.

Board members are budgeted for 92 hours each year (0.23 FTE). One position within the Board's staff is a part-time license examiner.

FACTS AND FIGURES

Number of Licensees

License Type	FY 2001	FY 2002	FY 2003	FY 2004
Respiratory Care Professional	6,204	6,064	6,423	6,128
Limited Permit	309	318	368	354

Source: *Ohio's Occupational Licensing and Regulatory Boards Annual Report for Fiscal Year 2004*

Current License Fees

Respiratory Care Professional licenses are renewed every two years while the Limited Permits are renewed biennially.

	Fee
Respiratory Care Professional-Renewal	$100
Respiratory Care - Initial License	$75
Limited Permit	$20
Limited Permit – Renewal	$10

Revenues and Expenditures

Fund Group 4K9	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Revenues	$69,210	$508,224	$57,220	$523,942	$66,281	$657,781
Expenditures	$217,403	$251,524	$253,304	$272,624	$293,588	$294,260
Net	($148,193)	$256,700	($196,084)	$251,318	($227,307)	$363,521
Two Year Net	$108,507		$55,234		$136,214	

ANALYSIS OF EXECUTIVE PROPOSAL

Ohio Respiratory Care Board

Purpose: License and regulate the practice of respiratory care

The following table shows the line items that are used to fund the Ohio Respiratory Care Board, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
4K9	872-609	Operating Expenses	$441,987	$0
		General Services Fund Subtotal	**$441,987**	**$0**
Total Funding: [Program Series Name]			**$441,987**	**$0**

Program Description: In accordance with Chapter 4761. of the Revised Code, the Ohio Respiratory Care Board regulates the profession of respiratory care by licensing properly qualified applicants, acts on complaints filed with the Board, and monitors continuing education compliance.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Line Items: 872-609, Operating Expenses

Implication of Executive Recommendation: The Board requested $434,759 FY 2006 and $443,797 in FY 2007. The Executive recommended funding of $441,987 in FY 2006 and $0 in FY 2007. The recommended funding for FY 2006 will allow the Board to carry out its mission and allow for the 4% increase in payroll. The difference in the requested and received funding is for CAVU licensing and computer firewall expenses. In FY 2007, the Board will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the Departments of Commerce, Health, Public Safety, Administrative Services, the Office of Budget and Management, and the Governor's Office.

Temporary and Permanent Law Provisions: The Executive's recommendation includes a provision that consolidates the Board into the Department of Health beginning in FY 2007. The provision also includes the creation of a transition team to ensure the consolidation occurs smoothly and on schedule. The temporary language states that the necessary statutory changes and appropriations needed for the consolidation will be introduced in FY 2006.

The Executive has also recommended that the Board be authorized to charge convenience fees for electronically renewing licenses (ORC Section 4761.07). The fee shall not exceed the cost of the processing fee charged by the state's credit card processor. As such, the Board will realize an increase in revenues equal to any increase in expenditures.

REQUESTS NOT FUNDED

Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
872-609	$434,759	$441,987	$7,228	$443,797	$0	($443,797)
TOTALS	$434,759	$441,987	$7,228	$443,797	$0	($443,797)

In FY 2006, the Board received $7,228 more than requested. This will be used for CAVU licensing and computer firewall costs. In FY 2007, the Board requested funding of $443,797 for operating expenses for things such as licensure and enforcement. The Executive recommended funding of $0. The Board will be absorbed into the Department of Health. Specifics of this transfer will be addressed by a task force made up of consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management, and the Governor's Office.

General Services Fund Group

4K9 872-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$272,625	$295,604	$304,435	$427,931	**$441,987**	**$0**
	8.4%	3.0%	40.6%	**3.3%**	**-100.0%**

Source: GSF: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 4761.02 and 4743.05 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This appropriation supports the general operating expenses, including payroll, supplies, and equipment for the Ohio Respiratory Care Board. This Board licenses and regulates the practice of respiratory care in Ohio.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
RCB	**Respiratory Care Board**							
4K9	872-609	Operating Expenses	$ 304,435	$427,931	$ 441,987	3.3%	$ 0	-100.0%
General Services Fund Group Total			**$ 304,435**	**$ 427,931**	**$ 441,987**	**3.3%**	**$ 0**	**-100.0%**
Total All Budget Fund Groups			***$ 304,435***	***$ 427,931***	***$ 441,987***	***3.3%***	***$ 0***	***-100.0%***